

HOUSE BILL REPORT

HB 2590

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to sellers of travel.

Brief Description: Concerning sellers of travel.

Sponsors: Representatives Kirby and Ryu.

Brief History:

Committee Activity:

Business & Financial Services: 1/31/14, 2/4/14 [DP].

Brief Summary of Bill

- Defines seller of travel to include "travel discount programs" purporting to offer services or prices to members not generally available to the public.
- Modifies advertisement and disclosure requirements imposed on sellers of travel.
- Requires that all payments received by sellers of travel be deposited in trust accounts.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 14 members: Representatives Kirby, Chair; Ryu, Vice Chair; Parker, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Fagan, Habib, Hawkins, Hudgins, G. Hunt, Hurst, Kochmar, Santos and Stanford.

Minority Report: Do not pass. Signed by 1 member: Representative MacEwen.

Staff: David Rubenstein (786-7153).

Background:

Sellers of Travel Generally.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Sellers of travel must be registered with the Department of Licensing (DOL), maintain a surety bond, and comply with the requirements related to advertising, disclosures to customers, and cancellations and refunds. Sellers of travel are required to renew their registration on or before July 1 each year.

A "seller of travel" is defined to include travel agents and independent contractors for travel agencies or others whose principal duties include consulting with and advising customers about travel arrangements. Only a person, firm, or corporation who transacts with Washington consumers is a seller of travel.

Disclosures.

When taking any payment for travel services, sellers must provide the customer with a written statement setting forth:

- the seller's name and contact information;
- the amount, date, and purpose of the payment;
- the seller's registration number;
- information about the vendor with whom the seller has contracted to provide travel arrangements; and
- a statement about the purchaser's right to cancel and receive a refund.

Advertisements.

Advertisement by sellers of travel not registered with the DOL is prohibited. A seller of travel who has registered may only advertise particular travel arrangements if the advertisement conspicuously displays the seller's registration number. This restriction does not apply to "institutional advertising" that does not include prices or dates for travel.

Trust Accounts.

In addition to registration and maintenance of surety bonds, sellers of travel must maintain trust accounts. When a seller receives funds for retail travel services offered by the seller and holds the funds for more than five business days, the seller must deposit those funds in the trust account. Transactions are excluded from this requirement when the payment is made through an airline's reporting corporation.

Summary of Bill:

Definition and "Travel Discount Programs".

The definition of "sellers of travel" includes sellers of travel-related benefits and travel discount programs. Travel discount programs are defined to mean a membership or benefit program that purports to offer to customers travel arrangements at a discounted price or with preferential treatment not available to the general public. Such travel discount programs are required to register with the DOL and are regulated in the same way as any other seller of travel.

Disclosures.

Upon taking payment, a seller of travel is no longer required to disclose the purpose of the payment made. All other disclosures remain in place, except that the notice of the buyer's

right to cancel must be in at least eight-point font and contain the statement: "You also have the option to purchase travel insurance."

Advertisement.

Sellers of travel must include their registration numbers on business cards and on all advertisements, including institutional advertising not including prices or dates for travel services.

Trust Accounts.

All money taken by a seller of travel from customers in payment for travel services must be deposited in a trust account. This applies regardless of whether the seller offered the service and regardless of how long the money is held.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) A similar bill was brought a few years ago, but travel agents strenuously objected. This year, we have agreement from the travel agents that this bill is acceptable to them. The DOL has received complaints that companies claiming to be exempt from the trust account requirement were selling travel arrangements to consumers, but not actually making the bookings, leaving consumers with no way home. Certain unscrupulous sellers of travel were using consumer funds simply to advance their businesses.

Meeting with consumers and industry was productive and there were several suggested additions.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; and Susan Colard, Department of Licensing.

Persons Signed In To Testify But Not Testifying: None.